

Docket #14-121

CK# 1179

\$750.⁰⁰



STATE OF DELAWARE
THE PUBLIC SERVICE COMMISSION
CANNON BUILDING
861 SILVER LAKE BLVD., SUITE 100
DOVER, DELAWARE 19904

DELAWARE P.S.

2014 MAR 31 AM 11:11

RECEIVED

TELEPHONE: (302) 736-7500

TELECOPIER: (302) 739-4849

FILING COVER SHEET

1. NAME OF APPLICANT: Incite Energy L.L.C.

2. TYPE OF FILING:

RATE CHANGE
FUEL ADJUSTMENT
ADMINISTRATIVE
CPCN
NEW SERVICE OFFERING
OTHER - DESCRIBE

☐
☐
☐
☐
☒
☐

Broker services

IF A TELECOMMUNICATIONS FILING, WHAT TYPE OF SERVICE IS IMPACTED?

BASIC ☐

COMPETITIVE ☐

DISCRETIONARY ☐

3. PROPOSED EFFECTIVE DATE: As soon as possible

IS EXPEDITED TREATMENT REQUESTED?

YES ☐

NO ☒

4. SHORT SUMMARY OF FILING: Would like to apply for Electric Supplier Certificate as a Broker - an entity that acts as an agent or intermediary in the sale of purchase of, but that does not take title to, electricity for Electric Customers.

5. DOES THIS FILING RELATE TO OTHER DOCKETS:

YES ☐

NO ☒

IF YES, LIST DOCKET(S) NO(S):

6. IS PUBLIC NOTICE REQUIRED?

YES ☐

NO ☒

IF YES, PLEASE ATTACH COPY OF PROPOSED PUBLIC NOTICE.

7. APPLICANT'S CONTACT PERSON:

NAME: Linda Bui

TITLE: Accounting and HR Manager

PHONE: 713-936-5301

FAX: 832-413-4788

EMAIL: lbui@inciteenergy.com

WEBSITE (IF APPLICABLE)

www.inciteenergy.com

8. DID YOU PROVIDE A COMPLETE COPY OF THE FILING TO THE PUBLIC ADVOCATE?
YES ☐ NO ☒ IF YES, WHEN?

9. FILING FEE ENCLOSED: AMOUNT: \$ 750

NOTE:

House Bill 681, enacted into law 7/13/98, authorizes the Commission to recover the cost of time spent by in-house staff to process all filings initiated after the date of enactment. You may be required to reimburse the Commission for staff time.

DR
Alisa
Donna
Malika
Connie
John
Toni

Application for Electric Supplier Certificate as a Broker for Delaware

Incite Energy LLC ("Incite" or "Applicant") hereby files this application ("Application") with the Public Service Commission of the State of Delaware (the "Commission") seeking approval to become a broker of electricity and natural gas services, if they become available. In support of this Application, Incite submits the following:

2.1.1.1 Authority to Do Business in Delaware. Please see **Attachment A** for the documentation from the Delaware Secretary of State and/or the Delaware Division of Revenue that we are legally authorized and qualified to do business in the State of Delaware.

2.1.1.2 Resident Agent – The address of the registered office of Incite in the State of Delaware is:

The Corporation Trust Company
Corporation Trust Center
1209 Orange Street
Wilmington, Delaware 19801

2.1.1.4 Applicant is applying to be a broker so this is not applicable. Applicant will procure electricity from an entity that complies with PJM's requirements and is a Certified Electric Supplier in the State.

2.1.1.5 Financial, Operational, Managerial, and Technical Ability.

2.1.1.5.1 Please see **Attachment B**

2.1.1.5.2 Incite is an independent consultant that provides energy management solutions for commercial, industrial, and residential customers.

2.1.1.5.3 A list of states in which Applicant or any of its affiliated interests is presently selling electric service to Retail Electric customers:

Connecticut, Illinois, Maryland, Massachusetts, New Jersey, Ohio, Pennsylvania, Texas, and Washington DC

A list of states in which Applicant or any of its affiliated interests has pending applications to sell electric service to Retail Electric customers:

None at the moment.

2.1.1.5.4 As of February 26, 2014, Incite has not been denied approval by a State Commission to sell electricity to Retail Electric Customers or has had its authority revoked.

2.1.1.5.5 Relevant operational experience of each principal officer responsible for Delaware operations:

Jared Crane (2012 to Present)
President

Jared Crane, President, is responsible for Incite Energy's corporate development, vision, and overall strategy. Prior to creating Incite Energy, Mr. Crane spent 4 years with Champion Energy Services working in sales and energy procurement for residential, commercial and industrial customers in deregulated markets across the country. As part of this role, he developed corporate cost savings plans and product structures. He also responded to requests for proposals from large corporations and

negotiated contract terms and conditions. His experience spans deregulated markets in ERCOT, PJM, CAISO, and MISO. Mr. Crane is responsible for bringing in over \$40 million in business to Champion Energy. In addition, Mr. Crane has experience in structuring commercial loans, developing client relationships, and sales.

Mr. Crane has earned his BS in Business Administration from California Lutheran University.

Jason Gunderson (2012 to Present)

Vice President

Jason Gunderson, Vice President, is responsible for directing all operations within Incite Energy. Prior to his position at Incite Energy, Mr. Gunderson served as a Director of Risk Management at Champion Energy Services, where he managed all NE risk positions through trading and managed all market transactions. Mr. Gunderson was also responsible for building and auditing daily positioning reports and forecasting. His experience spans deregulated markets in ERCOT, PJM, MISO, and NYISO.

Prior to his time at Champion Energy Services, Mr. Gunderson served as Director of Supply and Pricing at Potentia Energy where he captured HR, MCPE, NYMEX, and HSC curves, built internal pricing curves, and created products offered to the market. He was also responsible for establishing the pricing models, broker channel and contract documents. Mr. Gunderson also implemented a CRM system, coordinated all aspects of network management, and managed the implementation of IT outsourcing. Mr. Gunderson has also served at Reliant Energy where his responsibilities included leading the pricing desk, pricing, analyzing and structuring new prospects in the PJM, ERCOT, and NYISO markets.

Mr. Gunderson holds a BS in leadership and Development from Texas A&M University and a MBA from Houston Baptist University.

2.1.1.5.6 Incite does not have FERC approval because it is not required for Incite. Please waive this requirement because it is not required by statute.

2.1.1.5.7 Applicant does not require deposits, advance payments, prepayments, financial guarantees or the like from customers, therefore a bond is not required from Applicant.

2.1.1.5.8 Applicant is a Broker.


2.1.1.5.9 Demonstration of cash or cash equivalents – Please see Attachment B for Incite's financial statements and bank reference letter

2.1.1.5.9.10 Applicant and its affiliated interests has not filed bankruptcy in the past 24 months.

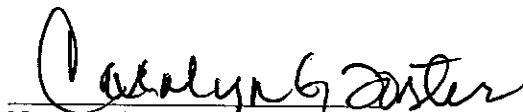
State of Texas

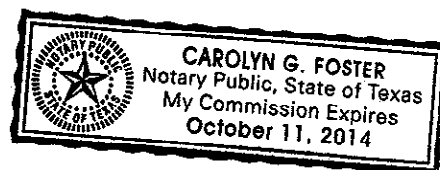
County of Harris

On this day March 25th, 2014, personally came before me, the subscriber, a Notary Public in and for the state and county aforesaid Jared Crane, President, an officer of Incite Energy LLC, a corporation existing under the laws of the state of Delaware, party to this Application, known to me personally to be such, and acknowledged this Application to be his act and deed and the act and deed of such corporation, and the signature of such President is in his own proper handwriting, and that the facts set forth in this Application are true and correct to the best of his knowledge and belief.


Jared Crane
President

SWORN TO AND SUBSCRIBED before me this March 25, 2014.


Notary Public



My Commission expires: October 11, 2014

100. 1700

100. 1700

100. 1700

2.1.1.7 Incite shall consent to the jurisdiction of the Delaware courts for acts or omissions arising from their activities in the State.

2.1.1.8.1 Legal Name, as well as the name under which the Applicant proposes to do business in Delaware: **Incite Energy LLC**

2.1.1.8.2 State of incorporation: Delaware

Business Address: 20 E Greenway Plaza Suite 400 Houston, TX 77046

Address of Principal Officer: Same as Business Address

2.1.1.8.3 Name, title and telephone number of a regulatory contact person:

Jason Gunderson, Vice President 832-413-4797

2.1.1.8.4 Toll-free telephone number of customer service department: 1-888-313-9654

2.1.1.8.5 Incite has been in business and serving the electric market since January 2012. Incite is an energy consulting company, the customers of which are commercial, industrial, and residential customers. The services Incite offers includes, but is not limited to, energy procurement, energy consulting, data management services, energy efficiency services, and residential services. For energy procurement, on behalf of its customers, Incite negotiates the purchase of energy services from third-party retail providers. Each customer would directly purchase the energy from the third-party supplier, and remit payment directly to the third-party. Incite will not take title to the energy service or take responsibility for the delivery, nor will Incite accept customer payments or deposits for energy procurement. Applicant will be partnering with energy suppliers licensed by the Public Utilities Regulatory Authority to be able to negotiate pricing on behalf of the customer. For Incite's other services such as consulting, data management, and energy efficiency, depending on the terms of agreement, the customer is responsible to remit payment directly to Incite.

Applicant proposes to negotiate for the purchase of energy on behalf of its customers in the State of Delaware from third-party competitive supplies licensed by the Public Utilities Regulatory Authority. The customer class to be served will be all commercial, industrial, municipal, and residential customers.

2.1.1.8.6 Applicant or any of its affiliated interests has not be charged or convicted of any criminal activities.

2.1.1.9 Contracts. Applicant is applying for a Broker/Marketer license. Applicant will work with all retail electric providers approved by the Commission to shop and compare electricity prices for its clients.

2.2 Notice. N/A since Applicant is a Broker.

2.3 Application Fee of \$750 is enclosed.

Attachment A

2.1.1.1 Authority to Do Business in Delaware

Delaware

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The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF FORMATION OF "INCITE ENERGY LLC", FILED IN THIS OFFICE ON THE NINTH DAY OF JANUARY, A.D. 2012, AT 4:40 O'CLOCK P.M.



5092743 8100

120027013

You may verify this certificate online
at corp.delaware.gov/authver.shtml


Jeffrey W. Bullock, Secretary of State
AUTHENTICATION: 9285332

DATE: 01-10-12

CERTIFICATE OF FORMATION
OF
INCITE ENERGY LLC

This Certificate of Formation of Incite Energy LLC (the "Company") is being executed and filed by the undersigned authorized person for the purpose of forming a limited liability company under the Delaware Limited Liability Company Act.

Article One

The name of the Delaware limited liability company formed hereby is "Incite Energy LLC".

Article Two

The address of the registered office of the Company in the State of Delaware is Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801, and the name of the Company's registered agent for service of process at that address is The Corporation Trust Company.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Formation on January 9, 2012.

AUTHORIZED PERSON


Edward Highberger
Authorized Person

EFFECTIVE DATE: 03-27-2012
STATE OF FORMATION: DELAWARE
PRINCIPAL OFFICE: 1209 ORANGE ST
WILMINGTON DE 19801
RESIDENT AGENT: THE CORPORATION TRUST INCORPORATED
351 WEST CAMDEN STREET
BALTIMORE MD 21201-7912

Delaware

PAGE 1

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "INCITE ENERGY LLC" IS DULY FORMED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE TWENTY-SEVENTH DAY OF MARCH, A.D. 2012.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL TAXES HAVE NOT BEEN ASSESSED TO DATE.



5092743 8300

120359498

You may verify this certificate online
at corp.delaware.gov/authver.shtml

Applicant: Incite Energy LLC


Jeffrey W. Bullock, Secretary of State
AUTHENTICATION: 9461419

DATE: 03-27-12

Attachment B

Financial Statements and Bank Reference Letter

Please file all pages included in Attachment B

CONFIDENTIAL



Greg Davis
Cadence Bank
909 Fannin, Suite 1350
Houston, Texas 77010

January 2, 2014

Re: Bank Reference Letter

This letter is provided at our customer's request to inform that Incite Energy LLC has been a customer of the bank since January 2012. We confirm that this relationship has been maintained in a satisfactory manner. I can be contacted at 713-658-0808 or greg.davis@cadencebank.com.

Sincerely,

Greg Davis
Cadence Bank
Assistant Vice President



CWL007 - Incite Energy
Balance Sheet
31-Dec-12

ASSETS

Current Assets

Cash

Operating Bank Balance - Encore	327,722.45
	327,722.45

Deposit - ERCOT account

Collateral Account	148,000.00
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Prepayment Account	47,805.92
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Other Deposit	3,694.72
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Total Deposit	199,500.64
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Energy Trading Collateral Account	478,090.00
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Account Receivable, Trade	(3,400.39)
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Intercompany Due From/(To) - CWL	(3,292.15)
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Misc. Other Receivable	956.19
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Other Current Asset	3,465,450.00
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Total Current Assets	4,465,026.74
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Fixed Assets

Computer Equipment - Desktops/Laptops	15,613.56
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Communication Equipment - Phones	12,201.94
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Less: Accumulated Depreciation	(4,505.60)
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Total Fixed Assets (Net)	23,309.90
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Capital Work-in-Process - Portal Development	115,000.00
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	115,000.00
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Other Non-current Assets

Account Receivable - Contract Residual Payments	154,151.73
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	154,151.73
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TOTAL ASSETS	4,757,488.37
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LIABILITIES & EQUITY

Liabilities

Current Liabilities

Account Payable - Trade (Subledger)	3,522,295.51
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Credit Card Payable - AMEX	2,259.89
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Other Short-Term Borrowing (Jared)	-
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Payroll Payables	-
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Fed/SS/Medicare Tax Withholding	-
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Flexible Saving Acct - due to CWW	-
Employee Benefits Payable	-
401K Liability	500.01
Accrued Expenses - Interest	13,041.09
Unearned Revenue - Commission Advance	103,406.24
Accts Payable - Client Deposit Obligations	1,009,767.00
Total Current Liabilities	4,651,269.74
Intercompany Loans	
Long-Term Promissory Note - Due to CCG	350,000.00
	350,000.00
Other Non- Current Liabilities	
Accrued Commissions - Residual Payments	154,151.73
	154,151.73
Total Liabilities	5,155,421.47
Equity	
Equity - IVG	200,000.00
Net Income	(597,933.10)
Total Equity	(397,933.10)
TOTAL LIABILITIES & EQUITY	4,757,488.37

CWL007 - Incite Energy
Income Statement
December 2012

	<u>YTD 2012</u>
Revenue	
Commission Fee - Commercial	58,009.19
Commission Fee - Residential	1,763.04
Commission Bonus	50.00
Consulting fee	<u>18,503.00</u>
Net Revenue	78,325.23
<u>SG&A</u>	
Salaries and Wages	317,421.74
Incentive Bonus Paid	23,000.00
Sales Commission Paid	11,467.20
Medical Benefits	26,462.56
Training and Development	1,290.00
W/C Insurance	3,432.00
Payroll Tax - Employer	25,480.11
Contract Labor	40,791.00
HR Related Admin Fees (Ceridian)	4,541.69
T&E - Meals	6,973.31
T&E - Lodging/Airticket	4,533.06
T&E - Transportation	361.63
T&E - Entertainment	8,357.74
T&E - Fuel	650.42
T&E - Car Rental	758.04
T&E - Taxi, Parking & Tolls	137.25
Sponsor & Donation	2,225.00
Promotional and Advertising	10,887.13
Conference & Events	565.00
Tax Accounting / Consulting	558.10
Consulting - General	14,500.00
Commission and Referral Fees	8,337.82
Brokerage Fee - Trading Commission	456.00
Organizational and Start-up Fees	2,549.00
Legal Fees	21,187.11
Postage and Courier Charges	191.35
Printing & Stationery	142.73
Office Supplies	1,189.94
Dues and Subscriptions	24,337.09
Bank Charge and Credit Card Fees	645.73
Depreciation - IT Fixed Assets	4,505.60
Expensed Software	54,000.00
IT Services and Consulting - Contract Development	28,474.50
IT Services and Consulting	33,315.47

IT Services and Consulting - Onsite IT Services	9,750.00
IT Services and Consulting - Helpdesk	1,928.21
IT Services and Consulting - IT Consulting	2,037.50
Communication Supplies	189.83
Telephone	1,765.22
Cellular	3,657.93
Seminar and Training	380.39
Shipping and Handling Fee	1,283.74
Bond Insurance Premium	550.00
All Other Misc. Expenses	<u>1,196.14</u>
Total Operating Expense	<u>706,464.28</u>
Net Ordinary Income/(Loss)	<u>(628,139.05)</u>

Other Income and Expenses

Interest Income	10,000.00
Interest Expense	(25,917.12)
Market Trading Gain/(Loss)	46,086.37
Tax refund - other	14.40
Misc. All Other Income	<u>22.30</u>
Net Income/(Loss)	<u>(597,933.10)</u>

